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12 January 1962

CURRENT INTELLIGENCE WEEKLY SUMMARY



CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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THE WEEK IN BRIEF
(Information as of 1200 EST 11 Jan)**EAST-WEST RELATIONS Page 1**

Moscow has made no public comment on the Thompson-Gromyko talks on Berlin. An Izvestia article and a Soviet memorandum to Bonn suggest, however, that Moscow has not modified its position that a change in West Berlin's legal status is indispensable to a settlement. Both the article and memorandum repeated warnings of a separate treaty with East Germany in the absence of an East-West agreement, but the warnings conveyed no sense of urgency. The memorandum to Bonn indicates that Moscow is moving away from its opposition to any political ties between Bonn and West Berlin and is trying to induce West Germany to negotiate directly with the USSR in order to protect West German interests in any new agreement on Berlin. [REDACTED]

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LAOS Page 3

Although the Boun Oum government has agreed to further tripartite negotiations in Geneva, it apparently does not intend to enter into substantive talks leading to a Souvanna-led government. Small-scale operations continue on scattered fronts in Laos, while all forces develop contingency plans for any enlarged hostilities. At Geneva, the Soviet delegate has given "tentative assurances" that no major Pathet Lao attack will be launched. [REDACTED]

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CONGO Page 5

The Katanga Assembly continues to deliberate on the 21 December Kitona accord. In Leopoldville, Adoula is reported to be increasingly fearful that nothing but further maneuvering can be expected from the Katangan leaders. Gizenga, who is Adoula's other main political problem, has lost more ground. The Congolese parliament's overwhelming vote against him and his ouster as president of the African Solidarity party probably spell his removal from the Adoula government and his eclipse for some time. Gizenga's abortive attempt in Stanleyville on 10 January to "arrest" General Lundula may hasten his own arrest and return to Leopoldville. [REDACTED]

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ALBANIA'S FOREIGN ECONOMIC RELATIONS Page 3

Albania is seeking stepped-up deliveries of Chinese Communist economic aid and more trade with the West in order to compensate for the cancellation of Soviet and satellite aid agreements and the abrupt decline in its trade with the Soviet bloc. Moscow's trade with Albania has almost ceased, but economic relations with some of the European satellites probably are continuing. In its trade overtures to Western countries, Albania has not asked for economic assistance, and apparently expects its negotiations with the Chinese to be successful. [REDACTED]

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GREECE, YUGOSLAVIA, AND ITALY CONCERNED ABOUT ALBANIA . . Page 9

Greece, Yugoslavia, and Italy are uneasy about future developments in Albania, where they see a tempting power vacuum. Although they are publicly expressing hope that no forceful action will be taken against Albania, they are suspicious of each other, and each is making quiet preparations to protect its own interests. [REDACTED]

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BLOC ECONOMIC AID TO GHANA Page 11

Economic and technical assistance made available to Ghana by the Sino-Soviet bloc now amounts to least \$182,000,000, of which slightly more than half has been offered by the USSR. Only a small portion of this aid has been used. Total bloc credit commitments to Ghana now are about twice what they were before Nkrumah's visit to nine bloc countries last summer and a follow-up tour in the fall by a Ghanaian economic delegation. However, Accra is disappointed that it received less than it asked for, and is dissatisfied with the quality of bloc equipment and the cost of bloc aid. [REDACTED]

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ITALY Page 13

Italy's Christian Democrats will soon have to face the question of whether or not to form a government dependent on the support of the Nenni Socialist party. In a move to force a decision, the Social Democrats and Republicans have announced that they will cause the early resignation of Premier Fanfani's government by withdrawing support from him when the Christian Democrats open their party congress on 27 January. The party congress is

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expected to pass a resolution in favor of a Socialist-backed government, but right-wing Christian Democrats and left-wing elements among the Nenni Socialists will try to stall implementation at least until after parliament has elected a new president of the republic in May. [REDACTED]

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DOMINICAN REPUBLIC Page 14

Friction has developed within the seven-man Council of State installed on 1 January with President Balaguer as its temporary head. The other council members are irritated over Balaguer's delay in setting a firm date for his promised resignation and also concerned over the continued interference by the armed forces, especially by General Rodriguez, in nonmilitary matters. The council has made a start in dealing with the country's difficult economic problems. [REDACTED]

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PROSPECTS FOR THE OAS FOREIGN MINISTERS' MEETING Page 15

Prospects have recently improved somewhat for action against Cuba at the meeting of American foreign ministers which is scheduled to open on 22 January in Punta del Este, Uruguay. No firm agreement has been reached, however, between those nations--mainly Caribbean neighbors of Cuba--which favor strong action against the Castro regime and a group of larger countries, including Argentina, Brazil, and Mexico, which have persistently advocated "nonintervention." Brazilian Foreign Minister Dantas has suggested an inter-American decision that a declared Marxist-Leninist state in this hemisphere must accept "neutralization"--including arms limitation and other obligations--but his present proposal provides for no specific action in the event of a Cuban refusal to accept these obligations. [REDACTED]

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SPECIAL ARTICLES

THE BLOC'S MILITARY ASSISTANCE PROGRAM Page 1

The Sino-Soviet bloc since 1955 has contracted to supply well over \$2 billion in arms and military-related equipment and training to underdeveloped areas of Asia, Africa, and Latin America. Although military assistance accounts for only one third of all bloc aid commitments to these areas, it constitutes about 60 percent of the bloc assistance already delivered--half again as much as has actually been supplied under the more highly propagandized economic aid program. During 1961, the bloc negotiated additional major arms deals with Indonesia, Egypt, and Iraq--the major recipients of bloc arms aid--and probably made new military aid commitments to Cuba and Afghanistan. Bloc arms were delivered for the first time to Morocco and Mali, and a military assistance agreement was apparently concluded with Ghana. Arms were offered to the Congo, Cambodia, and Burma, and probably also to Syria, the Sudan, the Somali Republic, and India. [REDACTED]

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ITALIAN COMMUNIST PARTY DEVELOPMENTS Page 10

Italian Communist party chief Togliatti is facing difficult problems on several fronts. Khrushchev's revival of de-Stalinization has occasioned demands within the Italian party for greater liberalization than Togliatti can accede to without endangering his relations with Moscow. His rivals within the party are using the opportunity to attack his leadership, but Togliatti has thus far avoided an open rift in the party. Recent local elections suggest that dissension within the party has not reduced its appeal to the voters. On the parliamentary scene, the party is threatened with political isolation by recent moves toward a rapprochement between the Nenni Socialists--the Communists' former allies--and the governing Christian Democrats, but strong forces within both these parties are seeking to block this rapprochement.

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WEEKLY REVIEW

EAST-WEST RELATIONS

Moscow has made no public comment on the discussions between Ambassador Thompson and Foreign Minister Gromyko, but privately Soviet officials have stressed the "great importance" they attach to the achievement of a US-Soviet agreement on the Berlin problem. Former Presidium member Ignatov made similar remarks to Ambassador Thompson on 4 January.

However, an article in the 6 January issue of Izvestia is designed to dispel Western speculation that Moscow would agree to a modus vivendi on Berlin which would leave the legal status of West Berlin unchanged, and denounces as a "mirage" the idea that the USSR would accept the maintenance of the occupation status as the "basis for negotiations." The vehemence of the criticism suggests that the USSR expects this to be the general Western approach.

Soviet efforts to stimulate Bonn's support for a more flexible Western position on the status of West Berlin are also evident in the informal memorandum given to the West German ambassador in Moscow on 27 December. The text of the memorandum, published in West Germany on 9 January and described by Bonn officials as "mild in tone" and "couched in very accommodating terms," makes it clear that the USSR hopes to deal with Bonn directly, rather than through its allies, on the question of West German interests

in any Berlin settlement. A somewhat similar approach was made last February in a Soviet memorandum which stated that in any four-power negotiations, the USSR would be prepared to take West German "interests" into account and to display "maximum understanding" of Bonn's wishes.

The 27 December memorandum refers to the possibility of "lively contact between West Berlin and the Federal Republic in the economic, political, and cultural areas." This would appear to be a shift from the USSR's long-standing opposition to any political ties between West Berlin and Bonn, and may be intended as an inducement for Bonn to accept a new four-power agreement on West Berlin's legal status. The memorandum does not detail how political ties between Bonn and West Berlin might be continued. The memorandum also refers to "respect for the sovereignty of other states," presumably implying that continuation of Bonn's link to Berlin would also be tied to an increase in contacts with East Germany.

The Izvestia article makes it clear that the USSR has not retreated from the possibility of signing a separate peace treaty with East Germany. It warns that "things in Germany will be moved well off dead center and changed for the better, with the participation of the Western powers or without it." The memorandum to Bonn

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also notes that Western opposition to a peace treaty with the two existing German states may make a separate treaty necessary. It does not mention any deadline, however, and points out that "even before the signing of such a treaty," agreement could be reached on West Berlin "acceptable for both sides which would duly safeguard the interests of the people of the city as well as those of other states."

A part of the memorandum, like the Izvestia article, is also directed at countering any Western assumption that the construction of the wall in Berlin might reduce Soviet demands on West Berlin. The memo notes such speculation and warns that the events of 13 August have solved some problems but that the "principal element"--the situation in West Berlin--remains as before.

East Germany and Berlin

East German statements and propaganda indicate some uncertainty over the future course of Soviet strategy on Berlin. The East German television version of the interview CBS-TV taped with party boss Walter Ulbricht on 5 December omitted his remark that the East Germans expected agreement on Berlin and a peace treaty in 1962. Also omitted were Ulbricht's remarks concerning the effect of further East German control measures on Allied military access to East Berlin.

[] confusion and uncertainty in economic planning for 1962 suggest that such key matters as the continuance of East-West German interzonal trade have not been finally decided by Moscow. Prior to Khrushchev's withdrawal of a deadline for signing a separate treaty with East Germany, East German planning had been based

on the assumption that after the conclusion of a separate peace treaty Bonn would retaliate by breaking off interzonal trade. At the present time, the key East German planning agencies appear to agree on the need for continuing trade []

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[] the economic planners probably have no knowledge of a firm Soviet timetable for a separate peace treaty upon which they can base their planning. Nevertheless, long-range East German planning to make the economy "invulnerable" to a West German or NATO trade embargo continues.

Further East German moves to demonstrate the international character of the East-West German border are indicated by new documentation procedures imposed on international rail and truck shipments transiting East Germany to and from Eastern Europe. This move seems intended to erase the remaining vestiges of all-German economic unity. Although neither freight shipments to and from West Berlin nor East-West German interzonal trade has yet been affected, a new draft East German tariff law, soon to be submitted to the East German parliament, reportedly calls for imposition of regular customs procedures on this traffic as well.

The Ulbricht regime may be planning to take further steps to emphasize its "sovereignty" in East Berlin. Since the regime has continued to treat East Berlin as a separate legal entity in practice, despite propaganda claims to the contrary, the US Mission feels that the next step may be a legal incorporation of the Soviet sector into East Germany. Such a move might accompany new controls over the Berlin sector boundary. []

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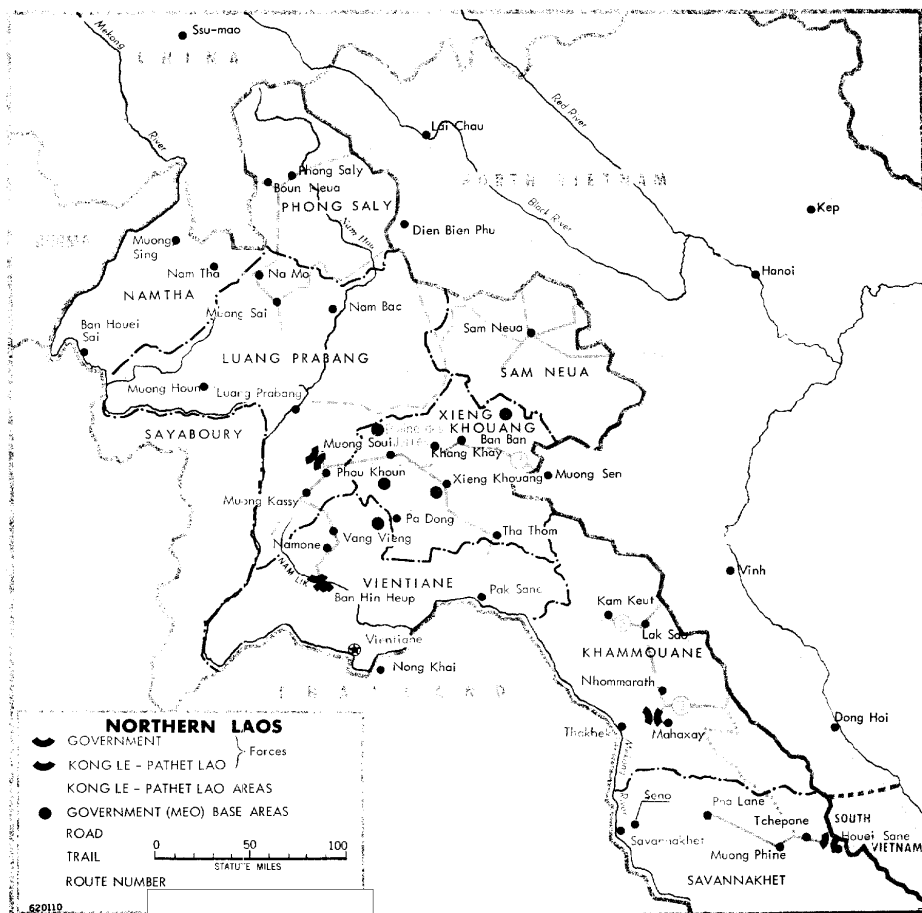
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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****LAOS**

Boun Oum has agreed to join Souvanna and Souphannouvong in Geneva for further negotiations toward a coalition government. This move, made in response to an invitation issued on 6 January by the Geneva co-chairmen, probably reflects increased Western pressure rather than a decision to support the formation of a Souvanna-led cabinet.

General Phoumi has stated that at Geneva he would renew his demand for the key posts of defense and interior. He further indicated that, in view of Souvanna's failure as "premier-designate" to form a cabinet, he would once more present his proposal for a provisional coalition government to be headed by King Savang. Although Phoumi has stated



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several times that Savang would be willing to assume such a role, the King would be unlikely to do so in the face of almost certain opposition of both Souvanna and Souphannouvong.

The royal government, perhaps fearing an imminent withdrawal of US support, has taken measures to minimize the effect of any such move. Free sale of foreign exchange has been prohibited in an effort to protect the government's limited franc and dollar reserves, and price and inventory restrictions have been imposed throughout the country. In spite of such measures, "unofficial" commodity prices have risen sharply since the announcement of the new exchange regulations.

The opposing military forces continue small-scale operations on scattered fronts while developing contingency plans for any enlarged hostilities. After the failure of their drive in late December against Muong Sai, in northern Luang Prabang Province, government forces are consolidating their positions southwest of that town. They are continuing their pressure on Tha Thom, 30 miles southeast of Xieng Khouang, and are making a flanking movement against the towns of Mahaxay and Nhommarath

in southern Laos. Kong Le and Pathet Lao units are conducting probing operations south of the Nam Lik near Ban Hin Heup, as well as counter-guerrilla sweeps in Sam Neua and Xieng Khouang provinces.

At Geneva, Soviet delegate Pushkin, in discussing Ambassador Harriman's recent "personal message" on Laos, stated that the Souvanna - Pathet Lao forces would resort to force only if attacked. Pushkin said, however, that the US intention to give full support to Phoumi if the Pathet Lao initiate a major military action constitutes a threat to the USSR. The US delegate feels that the latter remark was a matter of "pure gamesmanship."

In Moscow, Soviet officials have told [redacted] that Boun Oum would not have taken such an intransigent position unless he was fully supported by the United States. Deputy Foreign Minister Firyubin remarked that, while Moscow felt Ambassador Brown in Vientiane was doing his best to resolve the political impasse in Laos, the USSR feared that US military and other agencies were taking an opposite line. [redacted]

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CONGO

The Katanga Assembly, which Tshombé maintains is the only valid authority to accept or reject the Kitona accord between him and Premier Adoula on 21 December, is continuing its deliberations. The three-man Katangan delegation to Leopoldville began its talks just this week. The American consul in Elisabethville says it is generally assumed there that the assembly will approve Tshombé's actions at Kitona and authorize him to continue discussions with Leopoldville and the UN.

Tshombé still disputes two key points of the Kitona agreement: the Congo constitution as it now stands, and full implementation of the UN resolutions ordering him to oust his white mercenaries and foreign advisers. Tshombé says the other six points "cause no real trouble"; the two he balks at, however, will require considerable negotiation, as they are fundamental to his future position with the UN and Leopoldville.

UN Secretary General Thant told the Congo Advisory Committee on 9 January that although preparations were being made with a view to the total elimination of Tshombé's mercenaries, he hoped Tshombé would make it unnecessary for the UN command to employ further force. He told the committee he thought it was "highly inadvisable" now, however, to undertake any action which would prevent the Kitona accord from being implemented.

Officials of Union Minière and Société Générale in Brussels now appear to believe they would do well to discourage Katangan secession and persuade Tshombé to go along with the Kitona agreement in order to protect their economic interests. High-ranking officials have been sent

to Elisabethville and Leopoldville to talk to Tshombé and other Congolese authorities, and presumably also to induce local Belgian business representatives to adopt a more cooperative attitude.

Foreign Minister Spaak, still under strong pressure from right and center elements of the Belgian parliament, continues to believe that the Kitona agreement must be made to stick, but he appears unwilling to apply economic pressure unless Tshombé appears to be reneging on the agreement. The Belgian Foreign Ministry claims that it cannot apply strong economic pressure on Katanga--e.g., press the Union Minière to stop paying export taxes to Katanga--until the Leopoldville government takes certain legal steps to make clear its own right to such receipts.

When Ambassador Gullion saw Adoula on 5 January, the premier was acutely depressed, angered with Tshombé's maneuvers with the Katanga Assembly, and suspicious that Tshombé was about to repudiate the agreement.

Adoula was also bitter over the UN's refusal to accept a Congolese Army contingent in Katanga without UN military control, or to furnish transportation for an independent Congolese Army force. Adoula originally posed participation by his forces as a condition for his meeting with Tshombé. On General Mobutu's advice, Adoula balked at putting the contingent under total UN control, and no Congolese Army contingent has been brought into Kamina as originally planned. US military sources reported on 5 January that larger than normal consignments of rations, clothing, and motor spare parts were arriving in Luluabourg, in Kasai Province, but that the Congolese Army forces there were "in a poor state" and lacked equipment and transportation.

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Leopoldville is afraid that the Baluba tribal administration installed in northern Katanga may not be entirely secure. Jason Sendwe, a vice premier in the Adoula government who heads that administration, claimed in early January that the area had been "liberated." He said that the Congolese Army forces from Stanleyville under General Lundula were not causing trouble, but he still hoped they could be replaced quickly with Baluba troops.

General Mobutu and Adoula have voiced concern that the UN command was deliberately aiding the advance of Stanleyville forces into northern Katanga, while refusing aid to forces loyal to Leopoldville. They fear that the Stanleyville forces will oust authorities there loyal to Sendwe and swing into the Gizenga orbit. Mobutu recently admitted he had little control over Lundula's troops and that Leopoldville had been forced to assist them with transportation to avoid charges that it was sabotaging the Katanga campaign.

The Congolese parliament on 8 January voted 66-10, with 7 abstentions, to order Gizenga to return to Leopoldville within 48 hours. This, together with his ouster the same day as president of the African Solidarity party (PAS), probably spells the virtual eclipse of the Stanleyville leader for some time. The PSA is the second largest party in Leopoldville Province, but it now is badly split. Gizenga's attempts

to form a new national Lumumba party have failed and his former political supporters have deserted him. On 10 January, in a telegram to Adoula, Gizenga insisted he would not return "until the secession of Katanga was ended."

Adoula has indicated to US officials that he intends to proceed with Gizenga's removal as vice premier and possibly to arrest him. According to Ambassador Gullion, Sture Linner, top UN civilian in the Congo, has apparently promised Adoula he would assist in Gizenga's arrest. Gizenga's abortive attempt to "arrest" General Lundula in Stanleyville on 10 January may now hasten his own arrest and his return to Leopoldville under detention.

An official of the US Embassy who returned to Leopoldville from Stanleyville just prior to Gizenga's attempt against Lundula reported the consensus in the provincial capital that Gizenga could not put up a stiff resistance if the Congolese and UN forces there made a joint move to arrest him. The official said that Lundula, although apprehensive of provoking a violent showdown with Gizenga, appeared to be in control and had twice refused Gizenga permission to leave Stanleyville for northern Katanga. The official added that the Stanleyville population was calm and more interested in obtaining food and clothing than in the fate of Gizenga.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****ALBANIA'S FOREIGN ECONOMIC RELATIONS**

Albania is seeking stepped-up deliveries of Chinese Communist economic aid and more trade with the West in order to compensate for the cancellation of Soviet and satellite aid agreements and the abrupt decline in its trade with the Soviet bloc. In its trade overtures to Western countries, Albania has not asked for economic assistance, and apparently expects its negotiations with the Chinese to be successful.

Moscow's trade with Albania has almost ceased, but economic relations with some of the European satellites probably are continuing. Albanian officials have stated clearly that they no longer receive aid--i.e., long-term credits--from the Soviet bloc. While there are probably no Soviet technicians remaining in Albania, there is still evidence of some satellite personnel there. Satellite trade with Albania probably is being conducted on a pay-as-you-go basis, in contrast to the past, when Tirana was allowed to build up substantial trade deficits.

While Albania could subsist without outside help, its limited ability to export means that it must have continued foreign assistance to help finance imports for industrial and agricultural development. The announced figures for the Albanian Third Five-Year Plan (1961-65) suggest that foreign assistance of \$30,000,000 to \$45,000,000 annually will be needed to meet planned goals. As a result of the good grain crop last year and the very moderate growth in industrial production planned for 1962, Albanian requirements for assistance may well

be less this year. Peiping already has extended \$139,000,000 in credits and may offer more when needed.

Negotiations for 1962 trade and economic cooperation between China and Albania were opened in Peiping in mid-November, shortly after Khrushchev denounced the Albanian leadership at the 22nd Soviet party congress. On 21 December the Albanian mission to Peiping was joined by Deputy Premier Abdyl Kellezi and other officials concerned with trade and economic matters. Except for the formation of a joint shipping company aimed at facilitating the growth of Sino-Albanian trade, no results of the negotiations have been disclosed.

While Albania is continuing its efforts to expand trade with the West, it has not asked for economic aid, and in at least one case it rejected an offer of short-term credits. Albanian commodities such as mineral ores, petroleum and petroleum products, tobacco, textiles, and fruits, which formerly were exported almost exclusively to the bloc, are being offered to Western countries in exchange for such goods as fertilizers, grain, and industrial equipment. In addition to signing the new three-year trade agreement with Italy in December, Albania has made trade overtures to firms in Western Europe, Japan, North Africa, and the US. Albania's requests for barter transactions have usually been turned down, and it seems likely that in at least some instances Tirana is planning to buy goods in the West with cash supplied by the Chinese Communists.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****GREECE, YUGOSLAVIA, AND ITALY CONCERNED ABOUT ALBANIA**

With the withdrawal of Soviet representatives from Albania, its immediate neighbors--Greece, Yugoslavia, and Italy--have become uneasy about future developments in the country, where they see a tempting power vacuum. Although they are publicly expressing hope that no forceful action will be taken against Albania, they are suspicious of each other, and each is making quiet preparations to protect its own interests.

Greece

The Greek Government apparently believes Communist China will never exercise the degree of protective control over Albania that the Soviet Union did. Athens fears that Yugoslavia or the USSR may intervene militarily in Albania--a situation which would be detrimental to Greek claims to about 2,000 square miles of southern Albania called Northern Epirus by the Greeks. Before World War II the majority of the area's population were Greeks.

The Greek Foreign Ministry has told US and other Western officials that the present isolated position of Albania within the bloc should be regarded as beneficial, inasmuch as three kinds of Communism on Greece's northern frontier are preferable to one or two. Athens believes that the West should be prepared to assist the Hoxha regime economically if necessary, but that this aid should come from France rather than from Italy.

At the same time, Athens has implied on a number of occasions that it would be willing to soften--but not abandon--its position on issues that have prevented an improvement of relations with Tirana.

Aside from the Northern Epirus question, these include the status of the Greek ethnic minority in Albania and the conclusion of a peace treaty to end the technical state of war between the two countries.

Albania and Greece have moved a little closer toward an improvement of relations in recent weeks. The Albanians on 29 December proposed to repatriate all Greek citizens who fled to or were abducted into Albania during the Greek civil war. Albania followed up this initiative on 9 January with a general reiteration of its desire to improve relations with the West and specifically with Greece, which would have only to give up its "baseless" claim to Northern Epirus.

Albania's apparent willingness to dispense with all but the territorial question--which could be resolved by a mutual agreement to shelve it--should be welcomed in Athens. The Greeks explain that they want to improve relations with Albania in order to reduce the instability there. The more likely reason, however, is Athens' concern that Italy and Yugoslavia are in a better position to develop influence in Albania.

At the same time, Greek irredentist organizations, apparently sponsored by Athens, have become more active in recent months.

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Italy

Italian Foreign Ministry officials, like the Greeks, have said that it is in the West's interest to preserve Hoxha's anti-Moscow, anti-Belgrade regime. They say their policy of "extreme caution" toward Albania is aimed both at maintaining the status quo there and at depriving Albania's other neighbors, especially Yugoslavia, of any reason to suspect Italian intervention. Rome believes that its interests would best be served by establishing cultural ties with Tirana and expanding commercial relations.

Such commercial relations have been considerably strengthened since the imposition of Soviet bloc economic pressure early last year. In December, Italy and Albania signed a three-year trade agreement and a protocol for goods exchange in 1962 which would increase trade markedly over the negligible volume of recent years. The Albanians showed no interest in proffered Italian credits (guarantees on exports), but the Italians apparently would be willing to extend credits in the future.

Rome has also told Tirana that it is prepared to assist Albanian agricultural development, and technicians in other economic fields have already arrived in Albania. Should agreement on planned projects be reached, more Italian technicians would go to Albania for protracted periods.

Yugoslavia

Tito, despite his long-standing feud with Hoxha, has refrained from any precipitate action since the Tirana-Moscow

dispute intensified. On the contrary, Yugoslav pressures on Albania have abated in recent months. Belgrade apparently fears that any outside interference will only fan Albanian nationalism and rally the people around the Hoxha regime.

Belgrade has emphatically denied

that it plans to try, either alone or in league with Moscow or Athens, to overthrow Hoxha. A Foreign Ministry official has stated that the Yugoslavs have given this same advice to the Soviet Union. Belgrade also maintains it will never give the USSR permission to use Yugoslav airspace to attack Tirana.

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Tito probably fears that any breach of the peace in Albania could result in a major East-West confrontation in the Balkans which his regime might not survive. He may believe that internal conditions in Albania will deteriorate to a point where he can use prominent Albanian exiles and his own ethnic Albanian minority to unseat Hoxha.

The US ambassadors in Moscow and Belgrade agree that a Yugoslav-Soviet deal over Albania is most unlikely. In view of the bloc's stand on "revisionism," they reason, Soviet Premier Khrushchev could not accept responsibility for tossing Albania to the Yugoslavs. Yugoslavia's President Tito, on the other hand, could never be sure that, despite any Soviet guarantees, Yugoslav intervention in Albania would not be used as a pretext for Soviet involvement under the provisions of the Warsaw Pact.

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BLOC ECONOMIC AID TO GHANA

Economic and technical assistance made available to Ghana by the Sino-Soviet bloc now amounts to at least \$182,000,000 [redacted]

This is approximately double the total bloc credit commitment prior to Nkrumah's visit to nine bloc countries last summer and a follow-up tour by a Ghanaian economic delegation in the fall. The bloc aid program in Ghana was launched in August 1960 with the extension by the USSR of a \$40,000,000 credit.

Moscow's contribution to the total aid figure comes to some \$95,000,000, including special credits for the eight IL-18 and one AN-12 aircraft delivered in 1960 and 1961. Poland's commitments now amount to about \$27,000,000 and Hungary's to about \$14,000,000, while Czechoslovakia has extended the bulk of a \$24,000,000 sum which may include modest aid from Rumania and Bulgaria. Peiping has promised interest-free credits equivalent to nearly \$20,000,000. The figure for East Germany remains at the \$2,000,000 level agreed to last May.

Specific project agreements have focused on light industry, while providing for some assistance for the development of Ghana's agriculture, fisheries, minerals, and hydroelectric facilities. Only 37 such project agreements, including 10 with the USSR, are known to have been concluded so far, and these commit only a small portion of the credits. There now are about 250 bloc technicians in Ghana, at least 110 of whom are Soviet personnel assigned to Ghana Airways.

Despite the increases in bloc aid commitments, there appears to be disappointment in Accra that the aid obtained fell short of requests. [redacted]

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Ghana was seeking new credits

[redacted] from Communist China and each of the European satellites and [redacted] the USSR.

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Nkrumah's government is also reported disturbed over the quality of some Soviet capital equipment--notably the IL-18s--and over the bloc's refusal to import more of Ghana's chief export, cocoa. The Ghanaians had hoped bloc imports would be large enough to raise prices on the world market, thereby enabling Ghana to improve its sagging foreign exchange position. In addition, dissatisfaction has been mounting among senior Ghanaian civil servants over the high cost of Soviet aid under the existing agreements. Nkrumah in November was induced to order a re-examination of these agreements, and Ghanaian officials now are pressing for amendments aimed at obligating the bloc countries to pay, outside the credit arrangements, at least the salary and international travel of their technicians, as well as the cost of preliminary surveys.

The Soviet Union apparently has made some effort to meet Ghanaian dissatisfaction with the costs of Soviet technical services. The communiqué in November 1961 announcing the conclusion of trade, payments, and economic cooperation agreements stated that the USSR had granted Ghana long-term credit "with preferential conditions for paying the expenses of Soviet organizations giving technical assistance in the building of industrial enterprises in Ghana." However, it is unlikely that the USSR would agree to pay the salaries and travel expenses of its technicians. Under the Soviet aid program for underdeveloped countries, costs of technical services are always borne by the recipient country; the USSR probably would be unwilling to set a precedent which could raise problems in its relations with others. [redacted]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****ITALY**

Italy's Christian Democrats will soon have to face the question of whether or not to form a government dependent on the support of Pietro Nenni's Italian Socialist party. In a move to force a decision, the Social Democrats and Republicans have announced that they will withdraw their support from Premier Fanfani's government on 27 January, when the Christian Democrats open their party congress. This will force Fanfani to resign shortly before or after parliament reconvenes on 6 February.

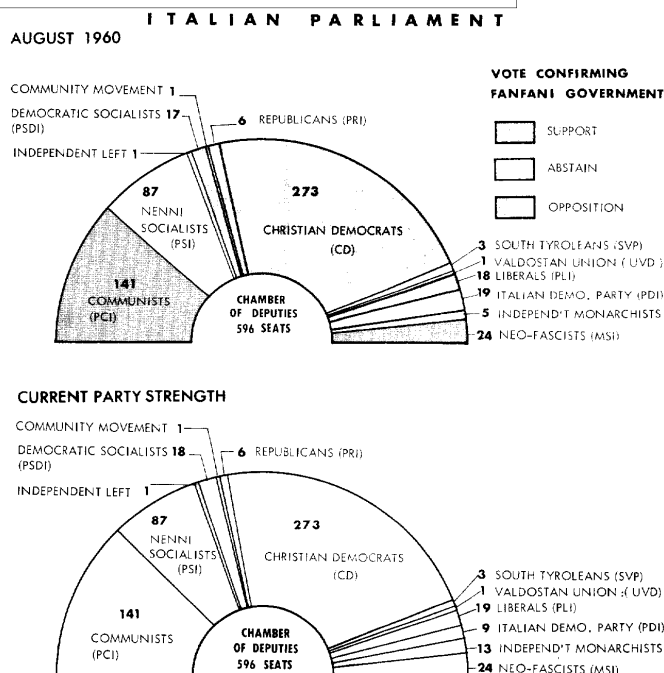
Christian Democratic leaders, including Fanfani and party secretary Moro, have been increasingly open in advocating a Socialist-backed government. The party congress is expected to pass a resolution generally favoring this. Socialist Chief Nenni has likewise been more and more favorable to rapprochement with the Christian Democratic party, and his party has worked out a domestic program similar to that advocated by many members of the Christian Democrats' majority left wing. This program should facilitate an accommodation between the two parties unless the Socialists' minority left wing, which opposes the rapprochement, is able to include some statement unacceptable to the Christian Democrats--possibly one on foreign policy.

While the Social Democrats and Republicans have frequently shifted their policies in the past, there is no indication now that they will reverse their decision to withdraw support from Fanfani, despite some evidence that anti-Socialist elements have gained strength in Republican ranks.

Social Democratic leader Saragat has long proclaimed his desire to promote a reformist center-left program that would undercut the appeal of the Italian Communists, but his immediate objectives are probably to improve his own party's now

meager chances in national elections and to secure Nenni Socialist support for his candidacy when parliament votes in May to choose a successor for President Gronchi. Gronchi himself has long advocated a Socialist-backed government, and may now hope for similar support for his own re-election. Foreign Minister Segni, also a presidential candidate, may for the same reason play down his opposition to a Christian Democratic - Socialist rapprochement.

The rapprochement faces strong opposition from right-wing elements in the Christian Democratic party. These elements will attempt to block an accord at least until the presidential election in the hope that this will afford opportunities for further postponement. They may also feel that a repetition of the long political stalemate which preceded Fanfani's investiture in 1960 might lead to early national elections--not mandatory until 1963--and thus occasion further delay.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

DOMINICAN REPUBLIC

The seven-man Council of State, installed on 1 January with President Balaguer as temporary head, began almost immediately to tackle the difficult economic problems inherited from the Trujillo dictatorship and the seven months of political instability that followed. All assets of the Trujillo family--including two thirds of the country's sugar-producing capacity and numerous other important businesses--were confiscated. Steps were taken to halt the outflow of foreign exchange; much of the country's reserves had been removed by the departing Trujillos last November.

With the lifting of OAS diplomatic and economic sanctions on 4 January and the formal resumption of diplomatic relations with the United States on 6 January, Dominican authorities began negotiations with US and international aid and financial institutions for economic assistance. Their most urgent request is for a loan of about \$8,000,000 to cover unpaid international debts. This, together with the expected admission of Dominican sugar to the premium US market, is expected to tide the country over its immediate foreign exchange crisis. On 8 January the Council of State announced plans for a \$6,000,000 emergency public works program designed to alleviate serious unemployment.

Friction has developed within the council, however. The most pressing complaint is the continued interference by the armed forces--particularly the Armed Forces Secretary, General Rodriguez Echevarria--in non-military matters. The six council members other than Balaguer

are seeking the President's support in stopping these military inroads, which they consider a threat to civil government. Rodriguez, for example, is distributing land from the former Trujillo family estates to the workers on them. At the same time his brother-in-law has become editor and reportedly owner of one of the country's two leading newspapers.

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With the politically moderate anti-Trujillo groups now represented in the government, opposition activities are centered in the 14th of June party (PCJ), which appears to be coming increasingly under the control of pro-Castro extremists. PCJ agitation is blamed by some observers for the continuing sporadic lawlessness carried out in several parts of the country by bands of youths who attack alleged informers and former minor officials of the dictatorship.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****PROSPECTS FOR THE OAS FOREIGN MINISTERS' MEETING**

Prospects have recently improved somewhat for action against Cuba at the meeting of American foreign ministers which is scheduled to open on 22 January in Punta del Este, Uruguay. No firm agreement has been reached, however, between those nations--mainly Caribbean neighbors of Cuba--which favor strong action against the Castro regime and a group of larger countries, including Argentina, Brazil, and Mexico, which have persistently advocated "nonintervention."

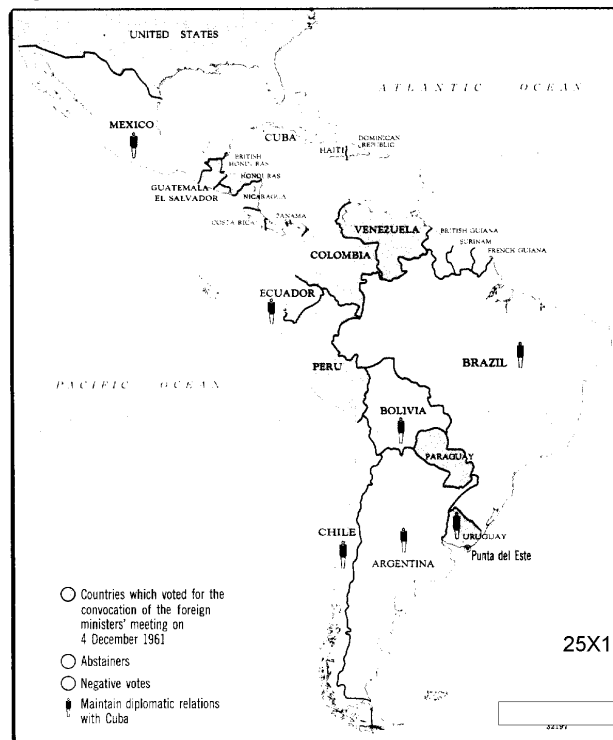
Most of the fourteen governments which voted on 4 December to convoke the meeting appear increasingly prepared to advocate a strong condemnation of Cuba's orientation toward the Sino-Soviet bloc. Of the fourteen, only Uruguay, which follows a vacillating policy on controversial questions primarily because of its plural executive, is unwilling to agree on a firm policy toward Cuba which includes some form of sanctions.

On the other hand, the abstainers on the 4 December vote --Argentina, Bolivia, Brazil, Chile, and Ecuador--have sought to persuade the other American republics to adopt a generalized resolution limited to expressing a hope that Cuba would remain within or be reintegrated into the "inter-American family."

On 4 January, Brazilian Foreign Minister Dantas suggested a compromise which may offer common ground for this group and those favoring strong action against Castro. He proposed a resolution in which Cuban official statements and actions would be contrasted with a restatement of the principles of the inter-American system. The resolution would then state that a declared

Marxist-Leninist state can co-exist with the rest of the hemisphere only if it accepts a form of "neutralization" which would include limiting arms, giving up subversive radiobroadcasts to other American republics, and refraining from other forms of subversion. The foreign ministers' meeting would appoint a special committee to define terms of neutralization and discuss them with Cuba. The Brazilian suggestion states that Cuba's position in the western hemisphere is analogous to Finland's position as a non-Communist state on the borders of the USSR.

Dantas' proposal is based on Cuba's acceptance of neutralization and of its obligations; it concludes by stating that if Cuba accepted these obligations and later violated them, it would clearly be subject to sanctions. Dantas'

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CURRENT INTELLIGENCE WEEKLY SUMMARY

written statement, however, does not cover the case of non-acceptance. In reply to a question from the US ambassador, the secretary general of the Brazilian Foreign Ministry said that the OAS committee would report nonacceptance by Cuba, and that action under the Rio Treaty would then be appropriate either by the Council of the OAS or by another meeting of foreign ministers.

Action under this treaty would permit any or all of the following: the recall of chiefs of diplomatic missions; a break in diplomatic or consular relations; partial or complete interruption of economic relations or of transportation and communications arrangements; and the use of armed force.

Argentina, which is seeking to coordinate its policy with Brazil's, may support the Brazilian proposal and thereby encourage cooperation with Brazil by the other abstainers. Uruguay, which voted for convocation of the foreign ministers' meeting but indicated it would make up its mind on Cuba only during the meeting, might also be inclined to support Brazil's proposal.

Mexico in previous inter-American meetings has often voted against the majority and shown a minimum of interest in opinion in the other American foreign ministries. It was the only country other than Cuba to vote against the foreign ministers' meeting. During the past six weeks, however, Mexico has betrayed nervousness about taking an isolated position on the Cuban question, apparently because of domestic criticism.

Cuba's Preparations

On the diplomatic front, Cuba has acted to release most of those who have been in asylum in Latin American embassies in Havana, as this issue was particularly irritating to the countries still maintaining diplomatic relations with the Castro government. Cuban Assistant Foreign Minister Olivares has recently completed visits to the capitals of these countries in a major effort to discourage plans for hemisphere action against Cuba.

On the propaganda front, Castro is planning "the most gigantic" ceremony on 22 January to issue the second declaration of Havana as a reply to the activities in Punta del Este. Prominent Latin American pro-Communists, headed by Mexico's ex-President Cardenas, have agreed to meet in Havana on 22 January to reaffirm the right of self-determination and show the solidarity of the people of Latin America with the Cuban revolution. Cuban media have maintained a continuous attack on the "puppet government meeting at US instigation" in Punta del Este.

Pro-Cuban demonstrations are planned in a number of countries, and Soviet media have belittled the meeting. Uruguay's Pro-Cuba Committee has called for a mass demonstration in Montevideo in support of Castro on 23 January and envisions a protest youth march on Punta del Este consisting of representatives from Argentina, Brazil, Peru, and Uruguay. The Chilean Communist party is planning to transform a parade on 21 January honoring its 40th anniversary into an act of "solidarity with Cuba and its revolution."

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CURRENT INTELLIGENCE WEEKLY SUMMARY

SPECIAL ARTICLES

THE BLOC'S MILITARY ASSISTANCE PROGRAM

The Sino-Soviet bloc since 1955 has contracted to supply well over \$2 billion in arms and military-related equipment and training to underdeveloped areas of Asia, Africa, and Latin America. Although military assistance accounts for only one third of all bloc aid commitments to these areas, it constitutes about 60 percent of the bloc assistance already delivered--half again as much as has actually been supplied under the more highly propagandized economic aid program.

During 1961, the bloc negotiated additional major arms

deals with Indonesia, Egypt, and Iraq--the major recipients of bloc arms aid--and probably made new military aid commitments to Cuba and Afghanistan. Bloc arms were delivered for the first time to Morocco and Mali, and a military assistance agreement was apparently concluded with Ghana. Arms were offered to the Congo, Cambodia, and Burma, and probably also to Syria, the Sudan, the Somali Republic, and India.

The importance Moscow attaches to its arms traffic was shown by a decision in late 1960 or early 1961 to

MAJOR BLOC ARMS PROVIDED TO UNDERDEVELOPED COUNTRIES (1955-1961)

	EGYPT	SYRIA	IRAQ	YEMEN	AFGHAN- ISTAN	INDIA	INDONESIA	MOROCCO	ALGERIA	GUINEA	GHANA	MALI	CUBA
AIRCRAFT													
TU-16 JET MEDIUM BOMBERS	16*	-	10*	-	-	-	20*	-	-	-	-	-	-
IL-28 JET LIGHT BOMBERS	46	-	16	-	40	-	20-25*	-	-	-	-	-	-
MIG-21 JET FIGHTERS	20*	-	16*	-	-	-	10-20*	-	-	-	-	-	-
MIG-19 JET FIGHTERS	40	-	16	-	-	-	10*	12	-	-	-	-	20
MIG-15/17 JET FIGHTERS	126	50	38	-	75	-	70	-	-	-	-	-	40
AN-12 HEAVY TRANSPORTS	-	-	3	-	-	8	-	-	-	-	-	-	-
OTHER, INCLUDING NON-JET COMBAT AIRCRAFT, TRAINERS, TRANSPORTS, AND HELICOPTERS	135	12	18	37	70	24	160+*	2	-	-	-	-	22
LAND ARMAMENTS													
J5-2/3 HEAVY TANKS	60	-	-	-	-	-	-	-	-	-	-	-	30
T-34/54 MEDIUM TANKS	300+*	285	260	30	200	-	-	-	-	-	-	-	120
PT-76 AMPHIBIOUS LIGHT TANKS	SOME*	-	-	-	-	-	80	-	-	-	-	-	-
SU-76/100 SELF-PROPELLED ASSAULT GUNS	100	75	120	60	12	-	-	-	-	-	-	-	50
BTR-40/152 ARMORED PERSONNEL CARRIERS	350	300	290	75	50	-	136	-	-	25	-	30	-
ARTILLERY, INCLUDING FIELD, ANTI-TANK AND ANTI-AIRCRAFT ARTILLERY, AND TRUCK-MOUNTED ROCKET LAUNCHERS	700+*	600	625	300	350	-	300-350	-	48	36-48	-	47	600
INFANTRY WEAPONS	MANY	MANY	MANY	MANY	MANY	-	MANY	-	MANY	SOME	SOME	SOME	MANY
TRUCKS AND OTHER VEHICLES	6,000	3,000	5,000	225	MANY	-	MANY	-	-	SOME	-	SOME	3,500
NAVAL EQUIPMENT													
SVERDLOV-CLASS LIGHT CRUISER	-	-	-	-	-	-	1*	-	-	-	-	-	-
SKORY-CLASS DESTROYERS	4	-	-	-	-	-	6*	-	-	-	-	-	-
W-CLASS MEDIUM SUBMARINES	9	-	-	-	-	-	6*	-	-	-	-	-	-
T-43 MINESWEEPERS	4	2	-	-	-	-	6*	-	-	-	-	-	-
SUBMARINE CHASERS	-	-	-	-	-	-	16*	-	-	-	-	-	-
P-4/6 MOTOR TORPEDO BOATS	18	15	12	-	-	-	10	-	-	-	-	-	-
OTHER, INCLUDING AUXILIARY VESSELS AND LAND CRAFT	1	-	4	-	-	-	100+*	-	-	-	-	-	-
GUIDED MISSILES													
AIR-TO-SURFACE (ASM)	SOME*	-	-	-	-	-	6*(a)	-	-	-	-	-	-
SURFACE-TO-AIR (SAM)	-	-	SOME*	-	-	-	11-14*(b)	-	-	-	-	-	-
SURFACE-TO-SURFACE (SSM) (SHIP-LAUNCHED)	SOME*	-	-	-	-	-	12*(c)	-	-	-	-	-	-
AIR-TO-AIR (AAM)	-	-	-	-	-	-	10*(d)	-	-	-	-	-	-

* Indicates ON ORDER, all or some of which not yet delivered

(a) 6 TU-16's armed with ASM

(b) Surface-to-air missiles sufficient to equip 11-14 battalions

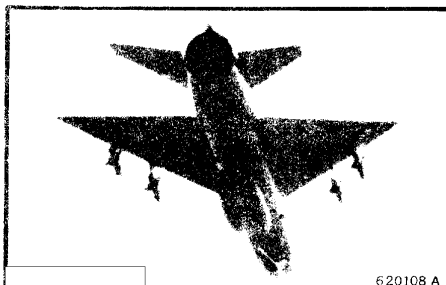
(c) 12 MTB's armed with SSM

(d) 10 MIG-21's armed with AAM

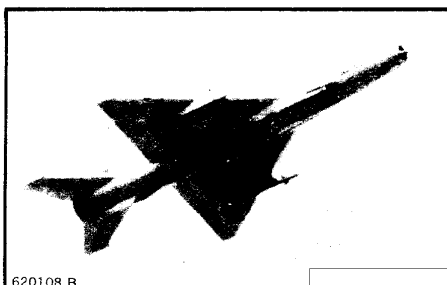
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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****MIG-21 JET FIGHTERS ARMED WITH AIR-TO-AIR MISSILES**

AA-1 (BEAM RIDER)



AA-2 (INFRARED HOMING)

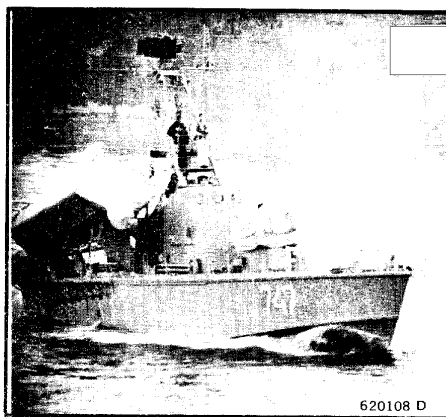
deliver to some of the non-bloc customers certain modern weapons systems which are not yet possessed in quantity, if at all, by other Communist countries and which in some cases have only recently been made available to the Soviet forces. Under a January 1961 agreement with Indonesia, the USSR will supply short-range tactical air-to-air, surface-to-air, air-to-ground, and ship-launched surface-to-surface missiles, TU-16 medium jet bombers, and MIG-21 fighters. Later agreements with Egypt and Iraq provide for delivery of some of the same equipment.

All of these items are still in use by the USSR; only the surface-to-air missiles are positively confirmed as in the hands of the majority of the

satellites, and they are there only in small numbers. The Chinese may have received the more modern fighters, but the TU-16s--some of which have already been delivered to Indonesia and Egypt--are not yet possessed by any of the Soviet allies. There is likewise no evidence that the bloc members have received Komar-class missile-carrying motor torpedo boats, which are probably soon to be supplied to Indonesia.

Advantages of Military Aid

The primary motives of the bloc military assistance program apparently are to encourage neutralism in the uncommitted countries, to pre-empt the field from Western aid programs, and to stimulate nationalistic

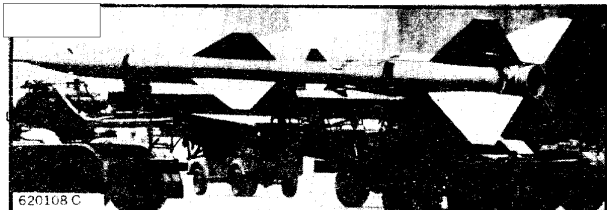
**KOMAR-CLASS MTB'S ARMED WITH SURFACE-TO-SURFACE MISSILES****SECRET**

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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SOVIET SURFACE-TO-AIR MISSILE (GUIDELINE)



attitudes--already strong in these countries--which can be exploited in pursuit of bloc policy goals. In Indonesia, the program has also promoted the cause of the local Communist party by increasing the dependence of the armed forces on Soviet supplies and, consequently, introducing a new element into the balance which Sukarno has preserved in the struggle for influence between the army and the Communist party.

Military aid allows the bloc to capitalize on the underdeveloped country's desire to acquire prestige weapons--especially if a request has been refused by Western sources. Although neither the bloc nor the recipient country usually advertises a military aid agreement, the bloc weapons eventually are displayed.

An arms agreement is easy to plan and can be implemented quickly, whereas economic aid requires detailed preparations before deliveries can be made. Materiel which the bloc agrees to provide is usually readily available and can be delivered shortly after the deal is made. Bloc technicians in the recipient country can then begin assembling the weapons and equipment and initiate low-level training programs. The ability of the recipient to maintain or use the equipment is not necessarily a relevant consideration.

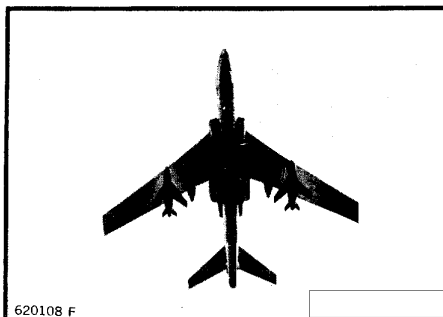
More sophisticated equipment which requires a higher

level of instruction can be provided at a later date, in keeping with the progress of training programs conducted in the bloc. These programs can be set up with a minimum of lead-time because similar training courses are operated for the bloc's own military personnel. Through these training programs, the bloc gains close contact with the military elements of a recipient nation, often a decisive force in determining the stability of the local regime.

Perhaps of more value, however, are the ties the bloc forms with the local armed forces through the control of ammunition, spare parts, and replacements--as well as the capability to provide additional and more modern equipment. Frequently when a country turns to the bloc for arms, it also abandons its previous sources of materiel in the West and often completely re-equips its armed forces with bloc weapons, increasing its dependence on the bloc for military supplies and increasing its financial obligations to the bloc.

Moscow is flexible in dispensing arms aid--often providing assistance to neutralist regimes which also are professedly anti-Communist. Communist China, however, is more selective. It has gone to some trouble to provide token arms aid to Cuba and Algeria, but has not supplied such aid to Egypt or Iraq. After supplying arms to Indonesia in

TU-16 JET MEDIUM BOMBER ARMED WITH KS AIR-TO-SURFACE MISSILES



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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

1958 when ties were cordial, Peiping sought to collect for the aid at inflated prices in 1959, when relations had deteriorated. China's role in the bloc's military aid program is also restricted by limited equipment and transport facilities.

Egypt

The bloc has extended more than half a billion dollars in arms aid to Egypt, the first non-bloc country to accept such assistance. Most of the equipment was delivered between September 1955 and late 1958. The latest Soviet-Egyptian aid agreement includes MIG-21 supersonic jet fighters, TU-16 medium jet bombers, and guided missiles. In addition, two modified Skory-class destroyers and a W-class submarine were recently delivered, and a wide range of land armaments and other equipment also are being supplied.

Negotiations between the bloc and Egypt are not always placid. In late 1958, Nasir--

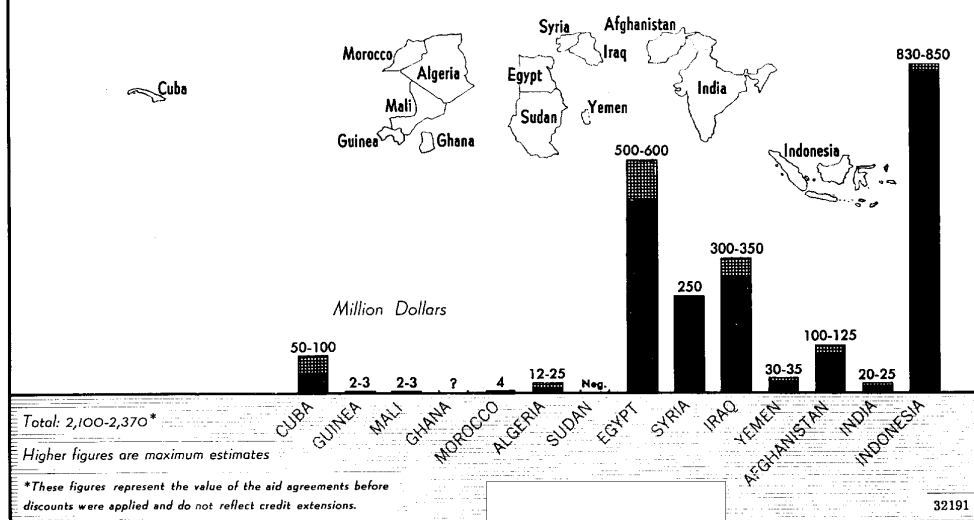
as head of the UAR--cracked down on Egyptian and Syrian Communists and exchanged public recriminations with Khrushchev. Arms deliveries for the next two years were small and sporadic, and the USSR seemed to be dragging out arms negotiations. However, Moscow avoided overt pressures which would lay it open to new criticism by Nasir.

The negotiating problems apparently were resolved during talks in Moscow in 1960. Early in 1961 Cairo received its long-awaited MIG-19 aircraft. In May, there was a new series of propaganda exchanges stemming from Soviet criticism of Cairo's treatment of local Communists, but this did not prevent the conclusion of the new arms deal.

Syria

Syria quickly followed Cairo's lead in 1955 and by late 1958 had received nearly \$250,000,000 in bloc military assistance. The last major bloc-Syrian arms agreement--concluded with the USSR--was in

**BLOC MILITARY ASSISTANCE EXTENSIONS
1955-1961**



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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

February 1958, on the eve of the formation of the UAR. Some of the materiel provided under this deal was delivered to Egypt on Cairo's orders.

Cairo assumed almost complete control of bloc arms procurement for both regions, and deliveries to Syria were largely limited to spare parts and other items necessary to maintain equipment previously supplied. Syria's agreements were consolidated with Egypt's, and the financial terms were renegotiated with Moscow by Cairo. Such affronts contributed to the dissatisfaction of the Syrian officers who revolted against the UAR. After the revolt, bloc military aid to Syria almost stopped.

The USSR hopes eventually to restore relations with Syria to the former level and probably would be willing to extend military aid to Damascus if requested. Moscow can be expected to emphasize Syria's need for spare parts and ammunition for its existing inventory of bloc arms.

Iraq

Bloc military aid deliveries to Iraq began in the autumn of 1958, a few months after Qasim's rise to power and six months before an economic aid agreement was signed. Two additional military assistance agreements have since been concluded, the more recent in September of this year, and total bloc mili-

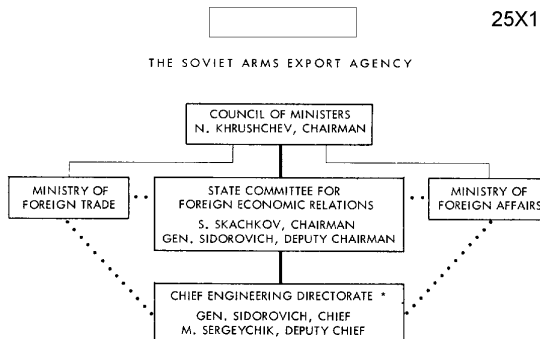
tary contracts now may amount to as much as \$350,000,000.

The USSR has steadfastly aided the Qasim regime without regard to the fortunes of the repressed Iraqi Communist party and apparently will continue this approach to make Baghdad as completely dependent as possible on bloc military assistance.

Yemen

The bloc's military aid program in Yemen began in the

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420208-1 *The equivalent Czech and Polish organizations are within the ministries of Foreign Trade.

first half of 1956, flourished for about two years, and has been virtually stagnant since mid-1958. There have been no significant arms deliveries since that time, although limited training is still provided by Soviet instructors in Yemen. Much of the equipment delivered by the bloc has gone unused, and complex equipment such as combat aircraft and armored vehicles now probably are mostly unserviceable.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY**

The USSR nevertheless would probably move quickly to reassure the Imam of additional aid if it felt Yemen was about to turn to other sources for such help.

Other Middle Eastern Countries

Bloc attempts to supply arms to other Middle Eastern countries have been unsuccessful; Jordan refused Moscow's offers of arms in 1956 and 1957, and bloc overtures to Saudi

of its military personnel in Afghanistan as well as the training programs for Afghan personnel in the USSR. A Soviet military aid advisory group has been operating in Afghanistan for more than two years, and some Soviet technicians occupy positions in the Afghan Ministry of Defense.

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BLOC MILITARY TECHNICIANS
IN UNDERDEVELOPED COUNTRIES
(1961)*

MILITARY PERSONNEL FROM
UNDERDEVELOPED COUNTRIES
TRAINED IN THE BLOC
(1955-1961)

250 +	EGYPT	2,000
200	SYRIA	650
300	IRAQ	400
25	YEMEN	25
275	AFGHANISTAN	750
425	INDONESIA	3,200
40	MOROCCO	
	ALGERIA	some
25	GUINEA	200
	GHANA	75
15	MALI	some
350	CUBA	150

*Estimated number present for one or more months

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Arabia, including Czech offers earlier this year, have not been accepted.

Afghanistan

Bloc arms aid to Afghanistan, beginning in 1955, has grown steadily, to the virtual exclusion of military assistance from Western sources. In addition to providing large amounts of equipment, the bloc--mainly the USSR--has increased the number

A new arms agreement probably was discussed during Marshal Sokolovsky's visit--possibly calling for delivery of more modern arms, including short-range tactical guided missiles.

Indonesia

Indonesia appears to enjoy a privileged position, having received the largest amount of bloc support as well as the first deliveries of the most modern weapons yet supplied abroad by the USSR. With over \$830,000,000 in bloc military assistance already extended, additional aid to Indonesia apparently was recently negotiated in Moscow.

Indonesia's arms deals in 1958 were negotiated by Poland and Czechoslovakia, but some Soviet materiel was supplied as well, and subsequent military arrangements--with the exception of a single agreement with Communist China--were openly sponsored by Moscow. During Khrushchev's visit in February 1960, he offered to provide additional

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CURRENT INTELLIGENCE WEEKLY SUMMARY

arms--including a light cruiser. Agreements on the order of half a billion dollars were negotiated during the latter half of 1960.

The bloc, however, has not yet been able to maneuver Djakarta into a position where it is totally dependent on the bloc for its foreign military assistance. Along with the new purchase now being negotiated in the bloc, Indonesian missions are making similar purchases in non-bloc European countries. Although the major recipients of bloc arms aid have been the Indonesian Air Force and Navy, Soviet negotiators succeeded in early 1961 in persuading the Indonesian Army--a staunch opponent of the Indonesian Communists--to agree to accept bloc equipment, probably because of the pressure to prepare for action against the Dutch in West New Guinea.

By extending its influence throughout all aspects of Indonesian military policy and at the same time closely associating itself with Indonesia's demand for West New Guinea--in which Soviet military aid plays such a vital role--Moscow probably hopes that Sukarno will be forced to align his country even further with Soviet policy goals.

Other Asian Countries

Intermittent offers of military assistance have been made to Cambodia by the USSR, Czechoslovakia, and reportedly Communist China. These offers apparently have not yet resulted in a formal agreement, although a Soviet-Czech gift of anti-aircraft artillery may be accepted.

In addition, the USSR--and possibly Poland and Czechoslovakia--has offered to extend

large-scale military assistance to Burma. A Burmese joint services committee has been considering Moscow's arms offer since the early part of 1961, but Rangoon thus far is not known to have accepted.

Moscow's persistent attractive offers of materiel to India have resulted in the purchase of AN-12 heavy military transports and some helicopters on favorable credit terms. In addition, the Indian Ministry of Defense has decided to purchase Soviet jet engines for use in fighters which are to be produced domestically. Recently, Moscow again sought to introduce Soviet military equipment into the Indian armed forces, apparently offering to supply radar, electronics equipment, and weapons systems--reportedly including guided missiles--for use on Indian combat aircraft.

Algeria

The Soviet bloc began providing arms largely in the form of non-bloc, World War II weapons to the Algerian rebels in 1957--with the cooperation of Egypt and Syria. Communist China, which first extended aid to the rebels in late 1958, also is continuing to provide assistance--chiefly financial aid.

Since late 1960, five bloc ships have delivered about 6,000 tons of military cargo to Morocco for transshipment to the Algerian rebels. While smaller weapons included in the cargoes apparently could be smuggled into Algeria from Morocco with relative ease, the artillery could not; presumably it has been used only for assaults against the electrified lines on the border during arms-running operations into Algeria from rebel bases in Morocco.

The bloc probably will continue to supply infantry.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

weapons and artillery and might eventually provide more advanced equipment such as tanks and possibly jet fighters. Algerians are believed to be training on MIG fighters in the USSR.

Morocco

Soviet military aid to Morocco has been limited to a gift in early 1961 of 12 MIG-17 jet fighters and 2 MIG jet trainers; an offer of more extensive deliveries was not accepted. Last November, however, the USSR again offered to supply arms, and the Moroccan Government sent a delegation to Moscow to discuss the matter. This offer reportedly encompasses more combat jet aircraft, transport aircraft, tanks, artillery, and small naval craft such as motor torpedo boats. Moscow probably will attempt to make its offer as attractive as possible this time.

Guinea

Bloc arms aid to Guinea began in early 1959 with gifts of Czech small arms, some light artillery, and a few armored cars. A team of Czech instructors accompanied the shipment.

In early 1960, an agreement involving jeeps and trucks and military training in the USSR was negotiated in Moscow. By the fall of 1960, armored personnel carriers, a wide range of artillery and infantry weapons, and military transport vehicles were arriving in Guinea. In the spring of 1961, additional arms shipments were made to Conakry; part of this materiel evidently was for Mali, which had also concluded an arms aid agreement with the bloc.

During the past two years, almost 200 Guinean personnel

have undergone instruction in the bloc; Guinea may eventually receive military aircraft and naval craft.

Mali

The bloc began delivering arms to Mali in the spring of 1961, even before the preliminary work on economic projects --apparently arranged for at the same time as the arms deal --was begun. By May, armored personnel carriers, mortars, and other arms and equipment had been supplied. Additional arms, including amphibious vehicles and artillery, were delivered in late 1961.

In November the Malian minister of national security and the armed services chief of staff traveled to Moscow. During their visit additional aid, possibly involving the supply of military transport aircraft as well as additional land armaments, was apparently offered, and Moscow may have proposed to initiate a training program in Mali similar to that now established for Guinea.

Ghana

The bloc's military assistance to Ghana has developed slowly. Moscow in late 1961 offered to provide aid and suggested a large-scale, long-term military development program. It proposed establishing academies--particularly naval and air institutions--and offered to supply the necessary equipment. It also offered comprehensive training in the bloc for Ghanaian personnel and proposed supplying eventually a wide range of military aircraft and naval vessels. These offers were renewed in Moscow during the visits of President Nkrumah in the summer of 1961.

Ghana subsequently decided to send 400 military trainees--

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including members of all three services--to the USSR for training, and a minimum of 75 have already gone there.

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No known arms shipments have yet been made. However, unless there is a major shift in Nkrumah's present inclinations, or stronger and more persistent objections from his military leaders, Accra is likely to accept greater Soviet military assistance--possibly the comprehensive program first suggested by Moscow.

Other African Countries

Elsewhere in Africa, the bloc's arms aid program has made little progress. Offers to the Somali Republic and the Sudan have apparently been rejected, although Khartoum did accept a gift of Soviet armored personnel carriers and jeeps in early 1961.

The Lumumba government of the Congo in 1960 probably accepted bloc arms offers in principle, but was overthrown before an assistance program could be implemented. Moscow has recently renewed its aid offer to the Adoula government, which apparently is tempted to accept.

Cuba

Bloc military assistance in Latin America has been limited to Cuba, although offers have been made to Ecuador.

The bloc's arms aid program in Cuba began slowly. By late 1959 or early 1960 an arms agreement in principle had been negotiated. By the spring of

1960 Soviet arms aid specialists visited Cuba to discuss in detail the agreement and its implementation. Before the first major bloc arms delivery in September 1960, a token shipment of Czech infantry weapons was made in the summer--apparently as a sign of good will and in answer to the intense desire on the part of the Cuban leadership for bloc materiel assistance. Major shipments of military equipment continued until the end of the year, and similar deliveries were made in the spring and again in the summer of 1961. Since then there have been no significant shipments.

A wide range of land armaments and jet fighter aircraft have now been delivered. The initial shipments often consisted of obsolete weapons, some of which --JS-2 heavy tanks--were the oldest ever provided a non-bloc country. However, subsequent deliveries have included more modern weapons, such as MIG-19s. No missiles, naval vessels, or bombers have yet been supplied by the bloc, but such weapons, including surface-to-air and air-to-air missiles, can be expected.

Training programs on jet fighters and other equipment conducted by bloc instructors in Cuba seem to be well organized and progressing steadily. Large-scale training programs have been established in the bloc, and some of the first Cuban trainees have already returned home. In addition to continuing to supply arms to enable Cuba to develop a powerful and well-balanced military machine, the bloc probably also is training and supplying guerrilla cadres to spread the Cuban revolution to other areas in Latin America.

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ITALIAN COMMUNIST PARTY DEVELOPMENTS

Palmiro Togliatti, head of the Italian Communist party (PCI), is facing difficult problems on several fronts. Khrushchev's revival of de-Stalinization has occasioned demands within the Italian party for greater liberalization there than Togliatti can accede to now without endangering his relations with Moscow. His rivals within the party are using the opportunity to attack his leadership, but Togliatti has thus far avoided an open rift in the party. Recent local elections suggest that dissension within the party has not yet reduced its voting appeal.

On the parliamentary scene, the party is threatened with political isolation by recent moves toward a rapprochement between the Nenni Socialists--the Communists' former allies--and the governing Christian Democrats, but strong forces within both these parties are seeking to block this rapprochement.

Reaction to Soviet Developments

The most immediately serious blow to the PCI--the largest Communist party outside the bloc--was Khrushchev's renewed attack on Stalin. Togliatti's position as leader had been weakened by the questions raised at the Soviet 20th party congress in 1956 and by the Soviet suppression of the Hungarian revolution, and he is therefore more vulnerable now. Togliatti has reacted by reaffirming his earlier espousal of polycentrism. In his report to the PCI central committee in mid-November he said that the wide variance in conditions under which Communist parties must operate, as well as the inevitable diversity of political action and working methods, made necessary a multiplicity

of centers of direction. Such a position had earned him a Soviet rebuke in 1956. He rejected again the implication by Socialist leader Pietro Nenni that the Communist system itself, rather than only the cult of Stalin, was responsible for the excesses of the Stalin era.

The report was unsatisfactory to many of the younger party leaders who were not active in Stalin's time, and Togliatti's rivals for the party leadership took the opportunity to attack his policies. He failed to force party approval of a resolution lauding in general terms the results of the Soviet 22nd congress, and the central committee meeting turned into an unusually long and acrimonious debate centering on two major aspects: inquiry into the causes of and responsibility for Communist "errors," and rebellion against Soviet authoritarianism.

Secretariat member Giorgio Amendola, one of Togliatti's chief rivals, criticized "fictitious unanimity" and objected to being presented with "accomplished facts." He also spoke of the "multiformity of the situations and the positions of the USSR and China, Italy and France, Yugoslavia and Cuba." He said such multiformity "imposes polycentrism," and he urged "the necessity of a public political debate in the international Communist movement and the development of the internal democracy of the Communist parties." Pietro Ingrao, former editor of the party daily *L'Unita*, also decried "the substitution of coercive and administrative methods for the development of political debate on the basic political questions."

On the institutional question, Mario Alicata said: "The process of development of Soviet

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democracy is certainly not that of the revision of the system indicated to us by Comrade Nenni. Nevertheless, even for a Socialist society the problem of its institutions is always open." Similarly, Pietro Secchia stated: "It is fundamental today for us to give clear answers to the demands of millions of men who have faith in our party and are therefore rightly worried.... Let us therefore approve the 22nd congress, but let us ask of the Soviet comrades that we go forward...to extend democracy in the present and to make all the structural organisms of the Soviet society function realistically and, if necessary, to create new ones."

Committee member Cosutta came out with the pointed question: "Why did they arrive in the USSR at the illegalities so clamorously denounced, and what are the guarantees against repetition?" Veteran Terracini was perhaps once more the most rebellious. He asked whether "other future denunciations" might not still occur, "overthrowing even Comrade Khrushchev himself.... It must be said that in fact Comrade Khrushchev was also in the ruling group which, around Stalin, shared the responsibilities."

Togliatti was forced to call for support from old-line rivals on the committee, such as Pajetta, and managed to achieve a compromise in the resolution finally adopted. While it repeats Italian Communist support for Moscow's program, the resolution implies strongly that Soviet society is not democratic. It speaks favorably of "national roads to socialism," calls for open expression of dissent within the party, and takes a critical view of Soviet and Italian Communist "errors" that permitted the personality cult.

Internal Party Currents

The dispute over these "errors" goes beyond the usual factional lines. A hard-core revolutionist such as Secchia on the left, for instance, agrees with "revisionists" such as Amendola on the right that further inquiry into causes is in order. Moreover, the leadership probably faces renewed difficulties from many intellectuals who had gravitated to the party when its superior leadership, organization, and financing made it the major force of the wartime anti-Fascist resistance.

Togliatti, himself an intellectual, has always cultivated this group, and his emphasis on development of a mass party in Italy has caused him during the postwar period to use a conciliatory approach intended to lure the bourgeois as well as the worker. Moscow's present de-Stalinization approach seems close to Togliatti's own. However, he does not want to move as fast as many other members of the Italian party, and his rivals for party leadership are using these differences as a cloak for attack against his power position. The 54-year-old Amendola probably believes his comparative youth gives him more time than Togliatti, now 68, to ride out a storm with Moscow.

There have been signs of rebellion in the Communist-led Italian labor confederation (CGIL). Its secretary general, Agostino Novella, partly as the result of pressure from the Socialist deputy chief of the CGIL, has just incurred Soviet displeasure by proposing that the Communist-dominated World Federation of Trade Unions (WFTU) be reorganized along polycentrist lines and that trade unions be independent of political parties.

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As a result of this speech Moscow has removed Novella from presidency of the WFTU. There is a precedent for Novella: his predecessor, the late Giuseppe Vittorio, stood out against his party and demanded that the CGIL be permitted freedom from Communist political domination.

A similar reaction is that of youth groups. On 5 December the central committee of the Italian Communist Youth Federation heard a report on the Soviet congress from Rino Serri, secretary of the Youth Federation, who insisted on the need for "a more extensive debate within the movement." Speaking of the "national way to socialism," he said the question concerned the difference not only in the way of achieving power but also in the way in which power was to be exercised and socialism constructed; "hence the decisive role which would be played by the independent capability of the various Communist parties to elaborate and advance their policy." Serri had previously participated in the central committee debate, where he asked the reason for "the debasement of culture and ideology in the USSR" and "the weakening of the functions of the party."

Relations With Other Communist Parties

While the policies advocated by the "revisionists" might reduce the PCI's political isolation in Italy, Togliatti must reckon with the fact that such policies involve conflict with Moscow and with other Communist parties. French Communist leaders have been particularly critical of elements in the Italian party which, they say, "like the Albanian," threaten the unity of the international movement. Belgian

Communists say that "the Italian polycentrism proposal is both dangerous and unrealistic" and maintain that "the Italians and the Chinese may recommend but not decide." The Belgians admit, however, that "Togliatti is right in saying there are some things about Communism that do not function properly."

In an unusual attempt to emphasize the Italian party's independence, *L'Unita* has criticized the reactions of the bloc press to the Soviet 22nd congress. It comments unfavorably on a Pravda article, on a speech by Poland's Gomulka, and on Czech leader Novotny's statement that the party in his country cannot have normal relations with that of Yugoslavia while Belgrade maintains a "revisionist thesis." Togliatti's report on the Soviet congress is nearer to the Yugoslavs' and to "revisionism" than are those of any other major Communist parties. Togliatti had put out feelers to the Yugoslavs in 1956 when he broached "polycentrism." Some other Communist parties felt then, as now, that Togliatti aspired to leadership of an international Communist movement semi-autonomous in its relationship with Moscow.

Relations With Non-Communist Parties

The PCI is experiencing increasing difficulties with the Italian Socialists over the same issues. Nenni has reiterated his 1956 accusations that there is something fundamentally wrong with the Communist system. He has also sharply criticized Moscow's Berlin policy and the Soviet nuclear tests; the Communists were isolated for the first time on a foreign policy issue when the Socialists supported the Italian Government's condemnation of the tests.

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Both Christian Democratic party secretary Moro and Premier Fanfani have indicated in recent months that they consider a national agreement to govern with the support of the Socialists both necessary and desirable, and the Christian Democratic youth group early in December officially endorsed such a move.

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Nevertheless, Nenni's colleague Lombardi has stated that the object of a Christian Democratic - Socialist rapprochement is not to isolate the Communists, and the Socialists continue allied with the Communists in more than a thousand local governments. At the same time, the Socialists maintain similar alliances formed last year with the Christian Democrats to govern key cities such as Milan, Genoa, Naples, and Venice.

While Togliatti has threatened in the past to move his party to the right of the Socialists if necessary to compete with them, there are limits as to how far his party can go without losing its Communist identity. Nevertheless Togliatti probably has hope that a Socialist - Christian Democratic rapprochement can be blocked at least until after the May presidential elections. As The Economist of London has commented, the Italian Communist party's future appears to depend to a considerable extent on what Khrushchev does and on what Nenni does.

Prospects

The steady rise in the Italian Communist vote to nearly one in four despite great post-war improvement in Italy's living standards indicates that economic discontent is not the major basis for Communist electoral strength. Moreover, it is clear that the degree of the party's loyalty to Marxist doctrine and to the Communist system is not the paramount consideration of the voter. Even immediately following the recent Soviet nuclear tests, the Italian Communists advanced over last year in local elections

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in areas of northern Italy which are relatively well off and where about a million voted.

Traditional local distrust of Rome is one element of Communist strength, but more important is the economic, social, and political malaise stemming from dissatisfaction with Italy's post-war governments. The Communists are exploiting the cynicism fostered by continuous dominance of post-war government by one party and the absence of any other sizable democratic party--as long as the Italian Socialist party remains linked with the Communists. The fact that it is the Christian Democratic party which is in power permits Communist exploitation of Italy's strong anti-clerical element. Italy's socially conscious society is particularly sensitive to any impression of government discrimination by means of red tape, corruption, and nepotism.

A large segment of the population, including many intellectuals, is dissatisfied at what it considers the government's failure to enact progressive legislation. The government's tendency to move even further to the right of the voters--as in the disastrous experiment with neo-Fascist

support in 1960--has also been exploited by the Communists. The very fact that popular cynicism has helped the neo-Fascists remain Italy's fourth largest parliamentary group--after the Christian Democrats, Communists, and Nenni Socialists--further feeds the Communist vote.

Disillusionment over the de-Stalinization program, together with the Italian Communists' conservative domestic approach, will probably continue to reduce the PCI membership. Nevertheless the Communists, as the major beneficiary of the protest vote, can expect to maintain or even increase their electoral strength unless a broadly based government can successfully attack some of Italy's basic ills. In any case the Communist party is not waiting passively for such an eventuality but continues to mobilize to discourage a Christian Democratic - Socialist rapprochement. Meanwhile, the Communist protest vote may be further increased by new popular awareness of higher living standards and better functioning of parliamentary democracy in most of the other Common Market countries, as well as by the new voting patterns resulting from the migration of former Christian Democrats from the depressed south to the more politically conscious north.

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